

**PLAINTIFF  
EXHIBIT 2**



The Westchester Bank

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July 27, 2012

Mr. Joseph Spiezio  
Long Beach Road Holdings, LLC  
312 Long Beach Road  
Island Park, NY

Dear Mr. Spiezio:

We, The Westchester Bank ("the Bank") are considering your request for a \$400,000 Commercial Mortgage. Please find terms and conditions below for discussion purposes. Please note that this term sheet proposal does not constitute an approval or a commitment to lend. This offer is subject to a full-underwriting and analysis.

If you find this letter to be in accordance with your understanding of this transaction, kindly indicate such acceptance by signing and returning the attached copy of this letter me no later than August 10, 2012 or The Westchester Bank, at its option, may cancel this proposal

Yours truly,

Michael Vitale  
Commercial Lender

Accepted by:

  
Joseph Spiezio

**\$400,000 Revolving Line of Credit Converting to a Mortgage Term Loan**

**Borrower:** Long Beach Road Holdings, LLC

**Facility:** \$400,000 Revolving Line of Credit converting to a Mortgage Term Loan on the 3<sup>rd</sup> anniversary of the closing date (“The Conversion Date”).

**Purpose:** To refinance an existing loan in an approximate amount of \$50,000 and provide cash out equity for real estate and investment purposes

**Term:** 10 years, with all outstanding principal and interest due at maturity

**Amortization:** Monthly interest only payable on outstanding principal prior to The Conversion Date. Subsequent to The Conversion Date, outstanding balance will amortize on a 25 year schedule.

**Interest Rate:** Prior to The Conversion Date, interest will accrue on the outstanding balance at a rate equal to Wall Street Journal Prime (“Prime”) plus 0.75% with a 4.00% rate floor.

Subsequent to The Conversion Date, The Borrower will be given the following options:

- 1) 5 Year fixed interest rate equal to the greater of: a.) 4.50% or b.) Prime plus 1.25%; with a rate adjustment on the 8<sup>th</sup> anniversary from the closing date upon which the rate will reset to the greater of 4.50% or Wall Street Journal Prime plus 1.25% for the remaining 2 years of the loan.
- 2) 7 Year fixed interest rate equal to the greater of: a.) 4.75% or b.) Prime plus 1.50% for the remaining term of the loan.

**Fee:**  $\frac{1}{2}\%$  (\$2,000)

**Collateral:**

- 1) First priority mortgage on real property located at 312 Long Beach Road in Island Park, NY 11558 ("The Subject Property").
- 2) Assignment of all existing and future leases and rents at The Subject Property.

**Guarantors:**

Joseph Spiezio

**Minimum Debt Service**

**Coverage Covenant:**

The Borrower will be required to maintain a minimum debt service coverage ratio of 1.25x, to be tested annually with submission of The Borrower's Business Tax Return. If said debt service coverage ratio is not maintained, The Bank reserves the right to increase the interest rate on the proposed loan by 50 basis points.

**Prepayment:**

The Borrower may prepay this loan in whole or in part provided that it notifies the Bank within 30 days of its intent to do so and pays any prepayment fees as herein after required as follows:

<b><u>Months from closing the loan</u></b>	
1 - 12	5%
13 - 24	4%
25 - 36	3%
37 - 48	2%
49 - 120	1%

**Note:** This fee will be applicable only if subject refinances said mortgage loan facility with another financial institution. No prepayment penalty after year five (5).

**Terms and Conditions:**

- 1) The Borrower will maintain its primary banking relationship with The Westchester Bank and utilize a Westchester Bank checking account for the automatic deduction of monthly payments.
- 2) Subject to an appraisal of the property by a third party appraiser acceptable to The Bank indicating a Maximum Loan To Value ratio of 65% of the appraised value.
- 3) Subject to all environmental due diligence.
- 4) Subject to receipt and satisfactory review of the 2009, 2010 and 2011 Corporate Tax Returns of the Borrower.
- 5) Subject to a certified rent roll for The Subject Property.
- 6) Subject to receipt and satisfactory review of all existing leases at The Subject Property.
- 7) Subject to receipt and satisfactory review of the 2011 Personal Tax Return of Joseph Spiezio.
- 8) Subject to confirmation of the ownership structure of Borrower
- 9) Subject to receipt and satisfactory review of the Certificate of Incorporation, Corporate by-laws, and filing receipt of The Borrower.
- 10) Other terms and conditions the Bank deems necessary as a result of its due diligence.

**Reporting Requirements:**

**Annually:**

- Submission of Long Beach Road Holdings, LLC's Complete Federal Tax Returns within 30 days of filing.
- Submission of certified rent roll within 120 days of yearend.
- Submission of leases with tenants as they renew or are created.
- Submission of Joseph Spiezio's Personal Financial Statement within 120 days of yearend.
- Submission of Joseph Spiezio's Complete Federal Tax Return within 30 days of filing
- Any other information as may be reasonably requested by the Bank.